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# The Referral Guide



## 7 Ways Referrals Will Transform Your Business

At Real Links, we are big believers in hiring employees through referrals from existing staff.

There are many reasons that referrals are the best way of finding new talent.

We've boiled those reasons down into seven key points on how increasing referral hiring could benefit your organisation.

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## REDUCING EMPLOYEE TURNOVER

There are several studies that show staff turnover is lower when employees are hired through referrals. A Berkeley study showed that “referred workers are substantially less likely to quit”. The stats back that up – another recent study found that 47% of referrals stay for over 3 years, compared to only 14% of hires from job boards.

This makes a lot of sense. A referred candidate is provided with trusted information about the job, team and company from his or her contact. Any referred candidate is therefore making a decision on whether to take the job having gleaned a more thorough understanding of the job requirements and work environment.

As referred candidates have a far better understanding of what they are signing up to, they are more likely to be happy in the role and less likely to move on quickly.



## HIGH QUALITY CANDIDATES

On top of this, there’s plenty of evidence to show that referrals get you the best talent. A recent study found that 88% of employers said that employee referrals are the number one source of “above average candidates”, while a Stanford report found that employees hired through personal referrals had higher productivity.

Our own survey supports this - 92% of companies said that they found stronger candidates through referrals and 86% of companies said that they preferred employee referrals over any other form of recruitment.

Ultimately, a key reason for this is because employees who refer a candidate do not want to damage their reputation, so will only recommend someone who they think will be a good fit for the company. They also want to maintain a good working environment and so are more likely to put forward people who will be a great cultural fit too.

Vetting from a recruitment consultant will tell you a bit about a candidate, but a referral will tell you a lot more. Not only do your referring employees know the candidates better, they are also more incentivised to put forward only strong candidates given the adverse consequences for their reputation and their desire to maintain a positive working environment.



## HIGH HIRING CONVERSION RATE

According to the Federal Reserve, referred candidates are 40% more likely to be hired. Oracle also tells us that, on average, it takes just 10.4 referrals to lead to a hire.

We now know that referred candidates are high quality. However, we’ve all been in a situation where you have found a great candidate but, when you offer them the job, they turn it down for another offer.

A referral helps to persuade the candidate to choose your company over your competitors as the candidate trusts that he or she is being referred to a worthwhile opportunity. There is a connection between the referrer and referee which makes your company stand out.

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## GROWING PROFESSIONAL AND SOCIAL NETWORKS

With the rise of social media, we are staying in touch with more and more of our old colleagues and university peers.

70% of LinkedIn users have over 300 connections and 54% have at least 500 connections. If 100 of your employees have 500 connections, that means you have access to up to 50,000 potential candidates on LinkedIn alone.

On Facebook, users have, on average, 338 friends and on Twitter users have, on average, 208 followers.

Employee referrals provide access to a pool of talent which would be difficult or expensive to otherwise connect with. The concept of six degrees of separation puts everyone only six steps away from each other via their network.



## LOWER SCREENING COSTS

Studies show that the recruiting process for a referral is shorter and less expensive than any other form of recruiting. All the candidates you receive come pre-screened by the referring employee, who really knows the candidate.

73% of the companies who have a referral program have confirmed that the overall cost-per-hire is significantly lower than any other recruiting source. Over 70% of the companies we surveyed said that the recruiting process using referrals was shorter and less expensive than any other form of recruiting.

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## EMPLOYEE MORALE

An active referral scheme boosts morale, particularly where employees receive rewards for their contribution to the referral scheme. The rewards not only increase morale but also incentivise employees to engage more with the referral process.

Referrals also mean that a great company culture is maintained as it's likely that new employees already get on with an existing employee, significantly increasing the chances that they will fit in with the rest of the team.

## ACCESS TO PASSIVE CANDIDATES

Referrals also give you access to a pool of great talent which would otherwise go untouched via standard recruitment methods - 'passive job seekers' who aren't actively looking for a new job, but could be interested if the right one came up. Employee referrals can give you access to these candidates who wouldn't otherwise have noticed your job post or have been actively engaged by recruiters.

An SHRM study highlights the benefits of getting access to and engaging with such passive job seekers. Other studies also support this - most referred candidates are passively engaged in the job market and not actively looking, meaning that there's a huge pool of top talent you could be missing out on by not using referrals.

## HOW CAN REAL LINKS HELP?

Our platform is designed to increase employee referrals by automating the referral process so that employees can easily share job vacancies with their networks.

We have also introduced, among other features, data analytics and gamification to incentivise engagement. Our platform also allows you to create a talent pool database of referred candidates.

**Find out more and request a demo**

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